GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3813
ANSWERED ON:17.08.2001
LOANS FROM BANK BY UTI
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

(a) whether the UTI has decided to mobilise fresh loan by pledging shares worth crores of rupees with banks;

(b) if so, the reasons therefor; and

(c) the rate of interest which is to be charged by banks on this loan?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) The Unit Trust of India (UTI) has intimated that the option of availing a line of credit from banks by pledging shares as collateral is one of the options considered by UTI while addressing the issue of liquidity. The requirement of liquidity is a matter that has come up in the context of the limited repurchase facility offered to unitholders under US-64. UTI has not yet availed of the loan.

(c) According to UTI, banks have offered the line of credit at rates below their Prime Lending Rates.